



POLICY ON  
RELATED PARTY TRANSACTIONS

---

## Table of Content

1.	Preamble	3
2.	Objective	3
3.	Definitions	3-5
4.	Determination of Materiality of Related Party Transaction	5-6
5.	Manner of dealing with Related Party Transaction	6-12
6.	Policy Review	12
7.	Interpretation	12
8.	Disclosure	12

---

## 1. Preamble

The Policy on Related Party Transactions is framed by Rolex Rings Limited in compliance of Regulations 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time read with Section 188 and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time.

## 2. Objective

The primary Objectives of this policy are as follows:

- To determine the materiality of Related Party Transactions transaction between the Company and its related Parties for ensuring robust Corporate Governance Framework;
- To define manner of dealing with the Related Party Transactions between the Company and its related Parties.

## 3. Definitions

- a) **“Act”** means the Companies Act 2013, as amended from time to time.
- b) **“arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) **“Board of Directors”** or **“Board”** means the Board of Directors of Rolex Rings Limited, as constituted from time to time.
- d) **“Company”** means Rolex Rings Limited.
- e) **“Material Related Party Transaction”** as defined in Clause 4 of this Policy.
- f) **“Policy”** means Policy on Related Party Transactions, as amended from time to time.
- g) **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and/or under the applicable accounting standards.
- h) **“Related Party Transaction”** means a transfer of resources, services or obligations between Company and a related party, regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following:

- a. sale, purchase or supply of any goods or materials;
  - b. selling or otherwise disposing of, or buying, property of any kind;
  - c. leasing of property of any kind;
  - d. availing or rendering of any services;
  - e. appointment of any agent for purchase or sale of goods, materials, services or property;
  - f. appointment to any office or place of profit in the company;
  - g. underwriting the subscription of any securities or derivatives thereof, of the company.
- i) **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and/or under the applicable accounting standards.
  - j) **“SEBI Regulations”** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any other applicable regulation framed by SEBI, as amended from time to time.
  - k) **“The Act”** means the Companies Act, 2013, as amended from time to time.
  - l) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, amended from time to time.

#### 4. Scope

This document outlines the pre-requisites and procedures for transacting with related party as per the definition of Companies Act, 2013.

- Identification of Related Party and related party transactions.
- Approval of related party transactions as per the Company Policy of Related Party Transactions, applicable Accounting Standards, Companies Act and Listing Regulations.
- Appropriate Documentation supporting related party transactions.

- Disclosure of related party transactions as per the Accounting Standards, Companies Act, Listing Regulations and any other law applicable to related party transactions.

#### 5. Determination of Materiality of Related Party Transaction

A transaction with the Related Party shall be treated as "Material" if any transaction(s) to be entered into individually or taken together with previous transactions during a financial year:

- Exceeds the limits specified in Sub-rule (3) of Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 of the Companies Act, 2013 as amended from time to time and which are not in the Ordinary Course of Business and/or are not at arm's length basis; or
- Payment to a Related Party with respect to brand usage or royalty - 2% of the annual turnover of the Company as per last its audited financial statements; or
- Exceeds 10% of the annual consolidated turnover of the Company as per the last Audited Financial Statements of the Company.

#### Specified Transaction-Threshold limits as per Rule 15 of the Companies Act 2013, as amended

Sr. No.	Criteria	Transaction value threshold
1	Sale, purchase or supply of any goods or materials (Directly or through agent)	More than 10% of annual turnover or Rs.100 Crore whichever is lower
2	Selling or otherwise disposing of, or buying, property of any kind (Directly or through agent)	More than 10% of net worth or Rs.100 Crore whichever is lower
3	Leasing of property of any kind	More than 10% of net worth or 10% of turnover or Rs.100 Crore whichever is lower
4	Availing or rendering of any services (Directly or through agent)	More than 10% of turnover or Rs.50 Crore whichever is lower
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Remuneration exceeds Rs. 250,000 per month

6	Underwriting the subscription of any securities of the company or derivatives thereof	Remuneration exceeds 1% of net worth
---	---	--------------------------------------

## 6. Manner of dealing with Related Party Transaction

### (i) IDENTIFICATION OF RELATED PARTIES

- Related parties are as defined under Companies Act, 2013 and the Listing Agreement.
- The Secretarial team shall, always, maintain a database of Company's Related Parties, identified based on definition for related party as per Companies Act 2013 and Listing Agreement. The database should contain the names of individuals and Companies along with their personal/company details including any revisions therein.
- Identification and confirmation of related party status need to be followed on quarterly basis.
  - o In case of KMP/ Directors/Managers the disclosure need to be in the form of declarations which should be taken on appointment and event based.
  - o In case of Holding Structure of the Company, Inputs from the holding company need to be taken on quarterly basis
  - o Prior to entering any agreement, respective functions would need to obtain confirmation from Secretarial Team regarding applicability of related party.
- The Secretarial team should share the list of the related party to the relevant Functional heads including Finance and Procurement, on quarterly basis and in case of any changes in the list based on the event based declarations.

### (ii) IDENTIFICATION OF RELATED PARTY TRANSACTIONS

A Related Party Transaction (RPT) is a transfer of resources, services or obligations between the Company and a Related Party (as identified and maintained in the database by the Secretarial team), regardless of whether a price is charged.

Types of transactions entered with by the Company with related parties are:

### **Expenses**

Value based – The amount of the transaction is fixed as per the agreement.

Ratio based – The Amount or the value of the transaction is based on the ratio of sharing the expenses established based on appropriate utilization parameters.

Actual (Reimbursement) – The value of transactions depends on the actual incurred during the year.

Adhoc transactions – These transactions arise during the year based on the business requirements e.g.- Group Company Events etc.

### **Services**

Transactions wherein certain services are provided on an arm’s length basis from a related party.

### **Investment Transactions**

Transactions wherein certain assets are purchased on an arm’s length basis from a related party.

**Exclusions:** The following shall not be deemed as a RPT

- Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, towards his or her duties to the Company.
- Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than any key managerial personnel (or comparable position), provided that the each such contribution, made in a financial year, does not exceed two percent (2%) of the Company’s average net profit for the preceding three financial years;

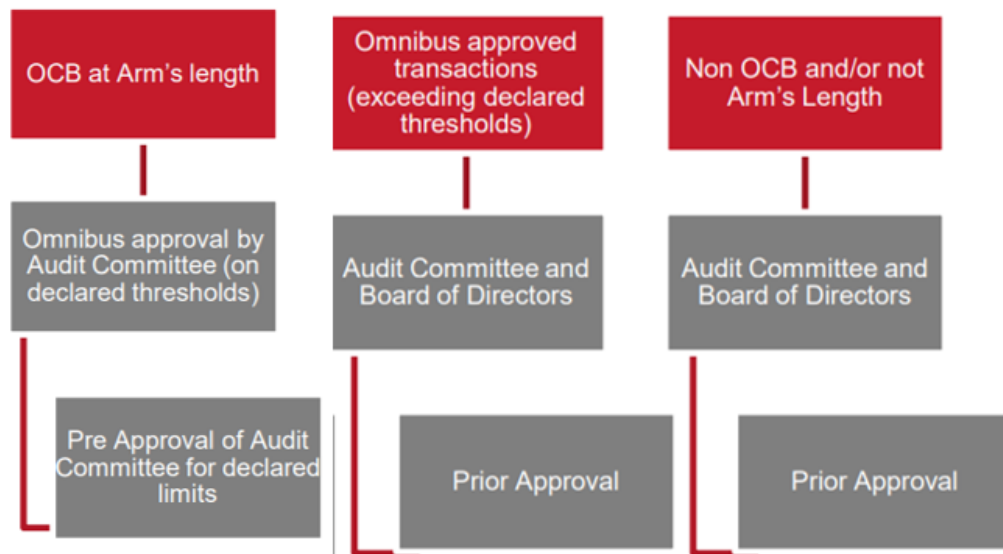
Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

**(iii) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

The approval of RPT shall follow the below guidelines and in doing so, shall consider the key transaction identification parameters and other related considerations (as below) included under this section:

- Omnibus approval criteria
- Arm's length determination
- Evaluation of transaction under Ordinary Course of Business
- Evaluation of Materiality

**APPROVAL MATRIX**



**Key Considerations for Identifying approval requirements**

**Omnibus Approval by Audit Committee**

- Criteria for Omnibus Approval as approved in the Policy
  - The transaction is / shall be frequent / regular / repetitive in nature.



- The transaction is / shall be in ordinary course of business and at arm's length.
  - Such other criteria as may be laid down by the Audit Committee.
  - Such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that, arm's length criterion shall be ensured at the time of each such change.
- Omnibus Approval shall specify
    - Name of the related party
    - Nature of the transaction
    - Period of the transaction
    - Maximum amount of the transactions that can be entered into
    - Any other information relevant or important for the audit committee to take a decision on the proposed transaction.
  - The details of such transactions shall be reported at the next meeting of the Audit Committee.
  - All other transactions would require approval.

#### **Arm's Length Pricing (ALP)**

- ✓ At the time of determining the arms' length nature of price charged for the Related Party Transaction, permissible method of arms' length pricing as per applicable law would be considered.
  - For Non-Routine transactions, ALP assessment, method would be selected based on the availability of information
  - For Routine transactions ALP assessment, standard method, i.e. Comparable Uncontrolled price Method, for ongoing application would be used.
- ✓ A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

- ✓ In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'.
- ✓ Key Consideration for ALP assessment.
  - Consistency in method applied for similar transactions
  - Alignment in basis documented with other group companies
  - Involvement of Experts for large value transactions. The Experts would be both internal and external depending up on the nature of transaction.

### **Ordinary Course of Business (OCB)**

Transactions with related parties will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions. Except:

- transactions involving transfer/demerger/acquisition/ business restructuring transaction of a business or a unit thereof;
- lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;
- investing in equity or instruments convertible in equity of the related party entities;
- Any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements.

Key aspects to be considered in evaluating whether a transaction is not in the ordinary course of business: o Whether the transaction is covered in the main objects or object incidental to the main objects as envisaged in the Memorandum of Association; o Whether a transaction is usual or unusual; o Frequency of transaction o Whether transaction is done at arm's length; o Whether transaction is done on similar basis

with other third parties; o Business purpose of the transaction; o Size and volume of transaction

**(iv) APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

**(v) DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

**(vi) DOCUMENTATION FOR RELATED PARTY TRANSACTIONS**

An indicative list of all the documentation required to be maintained is as below:

- Expenses/Services
  - o Approved Purchase Order in case of provision/sharing of supply of services/goods
  - o Memorandum of Understanding for agreement on ratio of sharing of expenses and criteria thereof
  - o Signed copy of Contract/Agreement, where applicable
  - o Copy of board approval, where applicable
  - o Documents evidencing statutory approvals, where applicable
  - o Employee Transfer approvals, in case expenses relating to the same

- Others
  - Documentation evidencing arm's length pricing an ordinary course of business

## **7. Policy Review**

The policy shall be periodically reviewed and brought in conformity with statutory and regulatory requirements, as and when required.

This Policy has been approved at the Meeting of the Board of Directors held on March, 12, 2021.

## **8. Interpretation**

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard.

## **9. Disclosure**

The Policy is disclosed on Company's website i.e. [www.rolexrings.com](http://www.rolexrings.com).